



**ANDREW COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-100  
September 27, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Andrew, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

---

This audit of Andrew County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The County Treasurer did not follow up on large unreconciled differences for funds in the general checking account. Adequate reconciliations between the County Treasurer's records and those of the County Clerk were not performed resulting in errors in the Treasurer's semi-annual settlements and the county budget. Commissions earned on tax collections were not distributed properly. County money held by the County Treasurer and County Collector is invested in low interest-bearing checking accounts, and the Capital Improvements Sales Tax Fund is not included in the interest allocation process.
- The county does not maintain accurate and complete asset records for the Cemetery Trust Fund and proposals were not solicited when selecting a brokerage firm for investment services.
- The county's Schedule of Expenditures of Federal Awards (SEFA) contained numerous errors. Expenditures were understated by approximately \$95,000 in 2001 and overstated by approximately \$4,000 in 2000. In addition, the county has not established cash management procedures to ensure the minimum time lapses between receipt of federal project monies and the disbursement of such monies.

Formal budgets were not prepared for several county funds and budgets for several other funds were not submitted to the State Auditor's Office as required by law. The annual published financial statements did not include the financial activity of several county funds.

(over)

YELLOW SHEET

- County Commission minutes do not adequately document the daily business performed by the County Commission and the minutes are not signed by the preparer nor approved by a Commissioner who was in attendance. Problems were noted with the handling of closed meetings. Records were not always maintained by the County Commission in accordance with state law.
- Andrew County received advances from the Multi-County (ACCD) 911 Board which exceeded applicable mapping expenditures by \$80,320. This excess should be reviewed and possibly refunded.
- The Senate Bill 40 Board's financial records were neither accurate nor complete for a portion of the audit and bank reconciliations were either not performed or not documented since late 2000. The board apparently levied property taxes at a level in excess of its financial needs. Additionally, the board could not locate various financial records and are not ensuring board minutes are signed.
- Monies received by the Health Center are not deposited timely and differences identified on bank reconciliations are not investigated. Actual expenditures were not accurately presented in the budget and supporting documentation was not retained for some expenditures. Applicable tax returns were not filed in a timely manner and compensatory time earned by employees is given at straight time instead of time and a half. In addition, minutes of closed meetings of the Health Center Board were not always prepared and minutes of open meetings did not always disclose the reason for closing a session. Board minutes did not adequately document matters discussed and actions taken by the board.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Andrew County's Associate County Commissioners salaries were each increased approximately \$7,080 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,160 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any other raises given to other officials within their term of office should be re-evaluated for propriety.

Also included in the audit are recommendations to the County Commission related to expenditures, county officials' salaries, the John Glenn Road Neighborhood Improvement District, general fixed assets, and computer controls. In addition, recommendations were made to improve the accounting controls and procedures of the County Collector, Associate and Probate Divisions, Sheriff, and Prosecuting Attorney.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

ANDREW COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<hr/> <u>FINANCIAL SECTION</u> <hr/>		
State Auditor's Reports: .....	2-6	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4	
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6	
Financial Statements: .....	7-18	
<u>Exhibit</u>	<u>Description</u>	
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2001 .....	8
A-2	Year Ended December 31, 2000 .....	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 .....	10-18
Notes to the Financial Statements .....	19-23	
Supplementary Schedule: .....	24-26	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	25-26	
Notes to the Supplementary Schedule .....	27-29	
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>		
State Auditor's Report: .....	31-33	
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	32-33	

ANDREW COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
Schedule:.....	34-43
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	35-43
Section I - Summary of Auditor's Results.....	35-36
Section II - Financial Statement Findings.....	36-40
<u>Number</u>	<u>Description</u>
01-1.    County Financial Procedures .....	36
01-2.    Cemetery Trust Fund .....	39
Section III - Federal Award Findings and Questioned Costs.....	41-43
01-3.    Schedule of Expenditures of Federal Awards.....	41
01-4.    Cash Management.....	42
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	44-45
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	46-47
<hr/> <u>MANAGEMENT ADVISORY REPORT SECTION</u> <hr/>	
Management Advisory Report - State Auditor's Findings .....	49-75
<u>Number</u>	
1.        Budgetary Practices and Published Financial Statements.....	51
2.        County Commission Minutes and County Records .....	52
3.        County Expenditures.....	54
4.        Multi-County (ACCD) 911 System .....	55
5.        Senate Bill 40 Board .....	55
6.        Health Center Board.....	57
7.        County Collector's Controls and Procedures .....	61
8.        County Officials' Salaries.....	63
9.        Associate and Probate Divisions' Controls and Procedures.....	65
10.       Sheriff's Controls and Procedures .....	67
11.       Prosecuting Attorney Controls and Procedures .....	69

ANDREW COUNTY, MISSOURI

TABLE OF CONTENTS

		<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>		
<u>Number</u>	<u>Description</u>	
12.	John Glenn Road Neighborhood Improvement District .....	72
13.	General Fixed Assets .....	73
14.	Computer Controls.....	74
	Follow-Up on Prior Audit Findings .....	76-85
<u>STATISTICAL SECTION</u>		
	History, Organization, and Statistical Information .....	87-92

FINANCIAL SECTION

State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the County Commission  
and  
Officeholders of Andrew County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Andrew County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Andrew County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Andrew County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Andrew County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 16, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Andrew County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

May 16, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tiffany Blew, CPA
Audit Staff:	Julie Vollmer
	Tania Williams



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Andrew County, Missouri

We have audited the special-purpose financial statements of various funds of Andrew County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 16, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Andrew County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Andrew County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions

involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-1 and 01-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 01-1 and 01-2, to be material weaknesses. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Andrew County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

May 16, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

ANDREW COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,312,373	1,161,186	1,153,863	1,319,696
Special Road and Bridge	428,031	2,162,020	1,845,893	744,158
Assessment	17,734	232,139	209,864	40,009
Law Enforcement Training	15,451	7,806	4,286	18,971
Prosecuting Attorney Training	1,972	1,200	835	2,337
Law Enforcement Sales Tax	415,916	497,880	498,065	415,731
Capital Improvement Sales Tax	250,487	110,440	210,799	150,128
Johnson Grass	82,851	34,552	38,565	78,838
Recorder's User Fees	23,199	11,108	6,807	27,500
Prosecuting Attorney Bad Check	4,602	7,003	9,010	2,595
Local Emergency Planning Commission	7,370	4,590	4,483	7,477
FEMA	0	943	943	0
Abuse Shelter	0	1,438	1,438	0
Associate Circuit Division Interest	6,912	1,645	602	7,955
Circuit Clerk Interest	5,208	713	542	5,379
Law Library	10,274	8,568	5,670	13,172
Reserve Deputy	10,258	3,143	2,659	10,742
Sheriff's Civil Fees	49,896	18,368	22,760	45,504
Health Center	264,279	289,853	238,417	315,715
Senate Bill 40	253,313	146,616	81,457	318,472
Cemetery Trust	558,518	842,393	43,434	1,357,477
Ford Farm	113,027	11,067	15,182	108,912
Election Services	2,012	1,472	0	3,484
911	0	66,703	14,430	52,273
John Glenn Road NID	29,203	19,248	16,920	31,531
Gore Road NID	0	140,380	138,372	2,008
Total	\$ 3,862,886	5,782,474	4,565,296	5,080,064

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

ANDREW COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,264,998	1,105,456	1,058,081	1,312,373
Special Road and Bridge	625,894	1,759,810	1,957,673	428,031
Assessment	15,678	237,164	235,108	17,734
Law Enforcement Training	11,545	6,663	2,757	15,451
Prosecuting Attorney Training	2,267	1,425	1,720	1,972
Law Enforcement Sales Tax	333,000	514,023	431,107	415,916
Capital Improvement Sales Tax	225,615	102,534	77,662	250,487
Johnson Grass	80,633	38,226	36,008	82,851
Recorder's User Fees	21,108	8,244	6,153	23,199
Prosecuting Attorney Bad Check	4,934	8,570	8,902	4,602
Local Emergency Planning Commission	10,305	2,028	4,963	7,370
FEMA	7,754	109,342	117,096	0
Abuse Shelter	0	1,782	1,782	0
Associate Circuit Division Interest	4,213	2,699	0	6,912
Circuit Clerk Interest	6,427	1,991	3,210	5,208
Law Library	8,417	8,371	6,514	10,274
Reserve Deputy	7,480	3,261	483	10,258
Sheriff's Civil Fees	45,248	45,133	40,485	49,896
Health Center	230,399	280,173	246,293	264,279
Senate Bill 40	214,750	110,623	72,060	253,313
Cemetery Trust	517,022	64,958	23,462	558,518
Ford Farm	104,907	10,175	2,055	113,027
Election Services	0	2,012	0	2,012
John Glenn Road NID	27,867	17,586	16,250	29,203
Total	\$ 3,770,461	4,442,249	4,349,824	3,862,886

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

ANDREW COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 5,068,226	5,622,846	554,620	4,664,322	4,412,476	(251,846)
DISBURSEMENTS	5,890,412	4,410,004	1,480,408	5,779,610	4,331,519	1,448,091
RECEIPTS OVER (UNDER) DISBURSEMENTS	(822,186)	1,212,842	2,035,028	(1,115,288)	80,957	1,196,245
CASH, JANUARY 1	3,833,683	3,833,683	0	3,637,687	3,637,687	0
CASH, DECEMBER 31	3,011,497	5,046,525	2,035,028	2,522,399	3,718,644	1,196,245
<b>GENERAL REVENUE FUND</b>						
<b>RECEIPTS</b>						
Property taxes	212,000	319,109	107,109	269,500	212,430	(57,070)
Sales and use taxes	470,000	485,123	15,123	423,000	481,693	58,693
Intergovernmental	7,150	2,628	(4,522)	6,100	12,138	6,038
Charges for services	286,144	267,316	(18,828)	250,390	259,987	9,597
Interest	95,000	64,462	(30,538)	65,000	98,363	33,363
Other	21,750	22,179	429	64,750	40,309	(24,441)
Transfers in	0	369	369	0	536	536
Total Receipts	1,092,044	1,161,186	69,142	1,078,740	1,105,456	26,716
<b>DISBURSEMENTS</b>						
County Commission	100,140	91,084	9,056	95,180	84,332	10,848
County Clerk	143,230	174,716	(31,486)	127,992	112,198	15,794
Elections	50,500	12,271	38,229	63,125	50,749	12,376
Buildings and grounds	49,500	41,335	8,165	48,000	36,556	11,444
Employee fringe benefits	161,500	143,664	17,836	148,000	122,650	25,350
County Treasurer	57,500	47,101	10,399	67,600	43,639	23,961
County Collector	89,006	81,694	7,312	104,500	83,597	20,903
Ex Officio Recorder of Deeds	29,612	6,841	22,771	28,200	16,890	11,310
Circuit Clerk	52,040	21,931	30,109	58,400	11,040	47,360
Associate Circuit (Probate)	11,900	7,310	4,590	9,800	5,911	3,889
Court administration	27,600	24,304	3,296	25,496	23,487	2,009
Public Administrator	29,400	24,590	4,810	19,680	21,816	(2,136)
Prosecuting Attorney	95,772	79,458	16,314	97,554	84,161	13,393
Juvenile Officer	36,210	29,123	7,087	29,094	20,805	8,289
County Coroner	19,905	14,370	5,535	17,905	10,466	7,439
Commission II	175,000	157,203	17,797	164,700	128,049	36,651
Other	154,514	101,424	53,090	166,500	93,206	73,294
Public health and welfare services	7,500	6,444	1,056	7,500	6,529	971
Transfers out	119,316	89,000	30,316	131,000	102,000	29,000
Emergency Fund	32,961	0	32,961	31,582	0	31,582
Total Disbursements	1,443,106	1,153,863	289,243	1,441,808	1,058,081	383,727
RECEIPTS OVER (UNDER) DISBURSEMENTS	(351,062)	7,323	358,385	(363,068)	47,375	410,443
CASH, JANUARY 1	1,312,373	1,312,373	0	1,264,998	1,264,998	0
CASH, DECEMBER 31	961,311	1,319,696	358,385	901,930	1,312,373	410,443

Exhibit B

ANDREW COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	563,500	780,045	216,545	762,500	568,527	(193,973)
Sales taxes	330,000	346,950	16,950	280,000	343,381	63,381
Intergovernmental	1,229,300	936,882	(292,418)	988,300	659,395	(328,905)
Interest	30,000	29,410	(590)	30,000	37,491	7,491
Other	127,500	61,761	(65,739)	25,000	33,920	8,920
Transfers in	134,000	6,972	(127,028)	30,000	117,096	87,096
<b>Total Receipts</b>	<b>2,414,300</b>	<b>2,162,020</b>	<b>(252,280)</b>	<b>2,115,800</b>	<b>1,759,810</b>	<b>(355,990)</b>
<b>DISBURSEMENTS</b>						
Salaries	483,000	466,930	16,070	450,000	435,541	14,459
Employee fringe benefits	208,500	181,615	26,885	172,700	145,615	27,085
Supplies	148,000	154,300	(6,300)	133,000	140,621	(7,621)
Insurance	0	5,000	(5,000)	0	0	0
Road and bridge materials	110,000	84,219	25,781	102,000	121,024	(19,024)
Equipment repairs	75,000	97,719	(22,719)	75,000	84,712	(9,712)
Rentals	10,000	5,005	4,995	15,000	6,555	8,445
Equipment purchases	70,000	66,133	3,867	170,000	200,953	(30,953)
Construction, repair, and maintenance	1,120,000	771,668	348,332	950,000	796,515	153,485
Debt service	35,000	0	35,000	35,000	0	35,000
Other	293,400	13,304	280,096	318,420	26,137	292,283
Transfers out	0	0	0	112,000	0	112,000
<b>Total Disbursements</b>	<b>2,552,900</b>	<b>1,845,893</b>	<b>707,007</b>	<b>2,533,120</b>	<b>1,957,673</b>	<b>575,447</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(138,600)</b>	<b>316,127</b>	<b>454,727</b>	<b>(417,320)</b>	<b>(197,863)</b>	<b>219,457</b>
<b>CASH, JANUARY 1</b>	<b>428,031</b>	<b>428,031</b>	<b>0</b>	<b>625,894</b>	<b>625,894</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>289,431</b>	<b>744,158</b>	<b>454,727</b>	<b>208,574</b>	<b>428,031</b>	<b>219,457</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	138,751	141,722	2,971	129,087	132,748	3,661
Charges for services	0	323	323	0	380	380
Interest	0	890	890	0	1,846	1,846
Other	0	204	204	0	190	190
Transfers in	114,316	89,000	(25,316)	112,159	102,000	(10,159)
<b>Total Receipts</b>	<b>253,067</b>	<b>232,139</b>	<b>(20,928)</b>	<b>241,246</b>	<b>237,164</b>	<b>(4,082)</b>
<b>DISBURSEMENTS</b>						
Assessor	253,067	209,864	43,203	241,245	235,108	6,137
<b>Total Disbursements</b>	<b>253,067</b>	<b>209,864</b>	<b>43,203</b>	<b>241,245</b>	<b>235,108</b>	<b>6,137</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>0</b>	<b>22,275</b>	<b>22,275</b>	<b>1</b>	<b>2,056</b>	<b>2,055</b>
<b>CASH, JANUARY 1</b>	<b>17,734</b>	<b>17,734</b>	<b>0</b>	<b>15,678</b>	<b>15,678</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>17,734</b>	<b>40,009</b>	<b>22,275</b>	<b>15,679</b>	<b>17,734</b>	<b>2,055</b>

Exhibit B

ANDREW COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	5,000	7,207	2,207	4,500	5,984	1,484
Interest	1,500	599	(901)	300	679	379
Total Receipts	6,500	7,806	1,306	4,800	6,663	1,863
<b>DISBURSEMENTS</b>						
Mileage and training	5,000	3,898	1,102	6,500	2,050	4,450
Equipment	2,500	310	2,190	1,500	194	1,306
Other	0	78	(78)	1,500	513	987
Total Disbursements	7,500	4,286	3,214	9,500	2,757	6,743
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	3,520	4,520	(4,700)	3,906	8,606
CASH, JANUARY 1	15,451	15,451	0	11,545	11,545	0
CASH, DECEMBER 31	14,451	18,971	4,520	6,845	15,451	8,606
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	1,200	1,118	(82)	2,000	1,296	(704)
Interest	100	82	(18)	200	129	(71)
Total Receipts	1,300	1,200	(100)	2,200	1,425	(775)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	2,200	835	1,365	2,200	1,720	480
Total Disbursements	2,200	835	1,365	2,200	1,720	480
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	365	1,265	0	(295)	(295)
CASH, JANUARY 1	1,972	1,972	0	2,267	2,267	0
CASH, DECEMBER 31	1,072	2,337	1,265	2,267	1,972	(295)
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	435,000	451,697	16,697	404,000	446,316	42,316
Intergovernmental	24,000	24,606	606	23,000	37,255	14,255
Interest	20,000	16,010	(3,990)	8,000	21,376	13,376
Other	15,000	5,567	(9,433)	5,000	9,076	4,076
Total Receipts	494,000	497,880	3,880	440,000	514,023	74,023
<b>DISBURSEMENTS</b>						
Salaries	325,000	312,964	12,036	285,000	285,714	(714)
Fringe benefits	94,350	86,518	7,832	73,300	75,035	(1,735)
Office expenditures	5,000	4,876	124	6,000	3,930	2,070
Equipment expenditures	50,300	43,596	6,704	49,500	24,763	24,737
Mileage and training	5,500	1,182	4,318	5,000	1,387	3,613
Other	78,500	48,929	29,571	76,000	40,278	35,722
Total Disbursements	558,650	498,065	60,585	494,800	431,107	63,693
RECEIPTS OVER (UNDER) DISBURSEMENTS	(64,650)	(185)	64,465	(54,800)	82,916	137,716
CASH, JANUARY 1	415,916	415,916	0	333,000	333,000	0
CASH, DECEMBER 31	351,266	415,731	64,465	278,200	415,916	137,716

Exhibit B

ANDREW COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CAPITAL IMPROVEMENT SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	100,000	104,388	4,388	90,000	102,534	12,534
Other	0	6,052	6,052	0	0	0
Total Receipts	100,000	110,440	10,440	90,000	102,534	12,534
<b>DISBURSEMENTS</b>						
Salaries	0	0	0	5,000	0	5,000
Fringe benefits	0	0	0	1,870	0	1,870
Capital improvements	240,000	210,799	29,201	260,000	77,592	182,408
Other	7,457	0	7,457	10,000	70	9,930
Total Disbursements	247,457	210,799	36,658	276,870	77,662	199,208
RECEIPTS OVER (UNDER) DISBURSEMENTS	(147,457)	(100,359)	47,098	(186,870)	24,872	211,742
CASH, JANUARY 1	250,487	250,487	0	225,615	225,615	0
CASH, DECEMBER 31	103,030	150,128	47,098	38,745	250,487	211,742
<b><u>JOHNSON GRASS FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	28,000	30,375	2,375	40,150	29,861	(10,289)
Intergovernmental	0	22	22	80	17	(63)
Interest	6,000	3,312	(2,688)	4,000	5,104	1,104
Other	0	843	843	0	3,244	3,244
Total Receipts	34,000	34,552	552	44,230	38,226	(6,004)
<b>DISBURSEMENTS</b>						
Salaries	25,200	24,736	464	27,000	23,604	3,396
Office expenditures	4,500	4,697	(197)	2,200	4,386	(2,186)
Equipment	3,700	6,198	(2,498)	5,700	5,560	140
Mileage and training	600	600	0	800	600	200
Other	2,000	2,334	(334)	2,000	1,858	142
Total Disbursements	36,000	38,565	(2,565)	37,700	36,008	1,692
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,000)	(4,013)	(2,013)	6,530	2,218	(4,312)
CASH, JANUARY 1	82,851	82,851	0	80,633	80,633	0
CASH, DECEMBER 31	80,851	78,838	(2,013)	87,163	82,851	(4,312)
<b><u>RECORDER'S USER FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	6,600	10,211	3,611	8,500	6,996	(1,504)
Interest	1,000	897	(103)	600	1,248	648
Total Receipts	7,600	11,108	3,508	9,100	8,244	(856)
<b>DISBURSEMENTS</b>						
Recorder of Deeds	18,790	6,807	11,983	17,150	6,153	10,997
Total Disbursements	18,790	6,807	11,983	17,150	6,153	10,997
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,190)	4,301	15,491	(8,050)	2,091	10,141
CASH, JANUARY 1	23,199	23,199	0	21,108	21,108	0
CASH, DECEMBER 31	12,009	27,500	15,491	13,058	23,199	10,141

Exhibit B

ANDREW COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	7,000	6,780	(220)	6,000	8,235	2,235
Interest	164	223	59	166	335	169
Total Receipts	7,164	7,003	(161)	6,166	8,570	2,404
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	11,700	9,010	2,690	11,100	8,902	2,198
Total Disbursements	11,700	9,010	2,690	11,100	8,902	2,198
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,536)	(2,007)	2,529	(4,934)	(332)	4,602
CASH, JANUARY 1	4,602	4,602	0	4,934	4,934	0
CASH, DECEMBER 31	66	2,595	2,529	0	4,602	4,602
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	7,370	4,320	(3,050)	3,200	1,577	(1,623)
Interest	400	270	(130)	250	451	201
Total Receipts	7,770	4,590	(3,180)	3,450	2,028	(1,422)
<b>DISBURSEMENTS</b>						
Emergency planning	7,770	4,483	3,287	7,631	4,963	2,668
Total Disbursements	7,770	4,483	3,287	7,631	4,963	2,668
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	107	107	(4,181)	(2,935)	1,246
CASH, JANUARY 1	7,370	7,370	0	10,305	10,305	0
CASH, DECEMBER 31	7,370	7,477	107	6,124	7,370	1,246
<b><u>FEMA FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	100,000	943	(99,057)	112,000	109,342	(2,658)
Total Receipts	100,000	943	(99,057)	112,000	109,342	(2,658)
<b>DISBURSEMENTS</b>						
Transfers out	100,000	943	99,057	117,096	117,096	0
Total Disbursements	100,000	943	99,057	117,096	117,096	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(5,096)	(7,754)	(2,658)
CASH, JANUARY 1	0	0	0	7,754	7,754	0
CASH, DECEMBER 31	0	0	0	2,658	0	(2,658)
<b><u>ABUSE SHELTER FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	300	1,438	1,138	400	1,782	1,382
Total Receipts	300	1,438	1,138	400	1,782	1,382
<b>DISBURSEMENTS</b>						
Abuse shelter	300	1,438	(1,138)	400	1,782	(1,382)
Total Disbursements	300	1,438	(1,138)	400	1,782	(1,382)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

ANDREW COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	1,500	1,645	145	1,400	2,699	1,299
Total Receipts	1,500	1,645	145	1,400	2,699	1,299
<b>DISBURSEMENTS</b>						
Associate Circuit Clerk	500	602	(102)	4,000	0	4,000
Total Disbursements	500	602	(102)	4,000	0	4,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	1,043	43	(2,600)	2,699	5,299
CASH, JANUARY 1	6,912	6,912	0	4,213	4,213	0
CASH, DECEMBER 31	7,912	7,955	43	1,613	6,912	5,299
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	1,250	653	(597)	1,075	1,816	741
Other	0	60	60	250	175	(75)
Total Receipts	1,250	713	(537)	1,325	1,991	666
<b>DISBURSEMENTS</b>						
Office expenditures	3,800	542	3,258	4,900	261	4,639
Equipment expenditures	2,000	0	2,000	2,500	2,949	(449)
Total Disbursements	5,800	542	5,258	7,400	3,210	4,190
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,550)	171	4,721	(6,075)	(1,219)	4,856
CASH, JANUARY 1	5,208	5,208	0	6,427	6,427	0
CASH, DECEMBER 31	658	5,379	4,721	352	5,208	4,856
<b><u>LAW LIBRARY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	8,500	8,199	(301)	6,100	7,834	1,734
Interest	500	369	(131)	200	537	337
Total Receipts	9,000	8,568	(432)	6,300	8,371	2,071
<b>DISBURSEMENTS</b>						
Law library	0	0	0	1,000	0	1,000
Subscriptions	10,000	5,301	4,699	6,000	5,977	23
Transfers out	0	369	(369)	0	537	(537)
Total Disbursements	10,000	5,670	4,330	7,000	6,514	486
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	2,898	3,898	(700)	1,857	2,557
CASH, JANUARY 1	10,274	10,274	0	8,417	8,417	0
CASH, DECEMBER 31	9,274	13,172	3,898	7,717	10,274	2,557

Exhibit B

ANDREW COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RESERVE DEPUTY FUND</b>						
<b>RECEIPTS</b>						
Charges for services	3,000	2,770	(230)	3,000	2,772	(228)
Interest	1,000	373	(627)	300	489	189
Total Receipts	4,000	3,143	(857)	3,300	3,261	(39)
<b>DISBURSEMENTS</b>						
Sheriff equipment	3,000	1,385	1,615	2,000	0	2,000
Mileage and training	1,000	761	239	1,000	0	1,000
Other	4,000	513	3,487	3,000	483	2,517
Total Disbursements	8,000	2,659	5,341	6,000	483	5,517
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,000)	484	4,484	(2,700)	2,778	5,478
CASH, JANUARY 1	10,258	10,258	0	7,480	7,480	0
CASH, DECEMBER 31	6,258	10,742	4,484	4,780	10,258	5,478
<b>SHERIFF'S CIVIL FEES FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	0	0	0	0	9,284	9,284
Charges for services	20,000	16,416	(3,584)	35,000	32,859	(2,141)
Interest	2,000	1,952	(48)	1,800	2,990	1,190
Total Receipts	22,000	18,368	(3,632)	36,800	45,133	8,333
<b>DISBURSEMENTS</b>						
Sheriff equipment	20,000	19,715	285	30,000	34,026	(4,026)
Other	5,000	3,045	1,955	5,000	6,459	(1,459)
Total Disbursements	25,000	22,760	2,240	35,000	40,485	(5,485)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,000)	(4,392)	(1,392)	1,800	4,648	2,848
CASH, JANUARY 1	49,896	49,896	0	45,248	45,248	0
CASH, DECEMBER 31	46,896	45,504	(1,392)	47,048	49,896	2,848
<b>HEALTH CENTER FUND</b>						
<b>RECEIPTS</b>						
Property taxes	132,600	147,807	15,207	120,500	109,297	(11,203)
Intergovernmental	138,850	112,883	(25,967)	148,965	147,300	(1,665)
Charges for services	8,500	9,299	799	8,600	8,546	(54)
Interest	7,000	14,105	7,105	5,500	7,476	1,976
Other	5,500	5,759	259	13,500	7,554	(5,946)
Total Receipts	292,450	289,853	(2,597)	297,065	280,173	(16,892)
<b>DISBURSEMENTS</b>						
Salaries	180,090	172,414	7,676	208,025	172,454	35,571
Supplies and services	52,525	33,987	18,538	56,725	37,090	19,635
Equipment	3,000	274	2,726	6,500	3,850	2,650
Mileage and training	11,400	10,241	1,159	11,200	8,706	2,494
Contract services	18,400	9,282	9,118	10,400	7,952	2,448
Other	7,657	12,219	(4,562)	3,870	16,241	(12,371)
Total Disbursements	273,072	238,417	34,655	296,720	246,293	50,427
RECEIPTS OVER (UNDER) DISBURSEMENTS	19,378	51,436	32,058	345	33,880	33,535
CASH, JANUARY 1	264,279	264,279	0	230,399	230,399	0
CASH, DECEMBER 31	283,657	315,715	32,058	230,744	264,279	33,535

Exhibit B

ANDREW COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>SENATE BILL 40 FUND</b>						
<b>RECEIPTS</b>						
Property taxes	117,256	132,429	15,173	125,000	97,901	(27,099)
Intergovernmental	0	93	93	0	71	71
Interest	0	14,094	14,094	0	12,651	12,651
Total Receipts	117,256	146,616	29,360	125,000	110,623	(14,377)
<b>DISBURSEMENTS</b>						
Contracted services	10,500	10,961	(461)	3,000	9,945	(6,945)
Mileage and training	500	236	264	700	83	617
Office expenditures	21,600	11,985	9,615	8,770	12,730	(3,960)
Equipment	700	0	700	900	0	900
Funding for services	208,800	58,275	150,525	185,500	49,302	136,198
Total Disbursements	242,100	81,457	160,643	198,870	72,060	126,810
RECEIPTS OVER (UNDER) DISBURSEMENTS	(124,844)	65,159	190,003	(73,870)	38,563	112,433
CASH, JANUARY 1	253,313	253,313	0	214,750	214,750	0
CASH, DECEMBER 31	128,469	318,472	190,003	140,880	253,313	112,433
<b>CEMETERY TRUST FUND</b>						
<b>RECEIPTS</b>						
Interest, dividends, donations, and other	31,000	213,466	182,466	45,000	64,958	19,958
Gain on sale of stock	0	628,927	628,927	0	0	0
Total Receipts	31,000	842,393	811,393	45,000	64,958	19,958
<b>DISBURSEMENTS</b>						
Cemetery maintenance	35,000	16,334	18,666	34,000	23,462	10,538
Commissions paid	0	27,100	(27,100)	0	0	0
Total Disbursements	35,000	43,434	(8,434)	34,000	23,462	10,538
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,000)	798,959	802,959	11,000	41,496	30,496
CASH, JANUARY 1	558,518	558,518	0	517,022	517,022	0
CASH, DECEMBER 31	554,518	1,357,477	802,959	528,022	558,518	30,496
<b>FORD FARM FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	0	3,478	3,478			
Interest	225	7,589	7,364			
Total Receipts	225	11,067	10,842			
<b>DISBURSEMENTS</b>						
Ford Farm	6,000	15,182	(9,182)			
Total Disbursements	6,000	15,182	(9,182)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,775)	(4,115)	1,660			
CASH, JANUARY 1	113,027	113,027	0			
CASH, DECEMBER 31	107,252	108,912	1,660			

Exhibit B

ANDREW COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	1,500	1,472	(28)			
Total Receipts	<u>1,500</u>	<u>1,472</u>	<u>(28)</u>			
<b>DISBURSEMENTS</b>						
County Clerk	0	0	0			
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500	1,472	(28)			
CASH, JANUARY 1	2,012	2,012	0			
CASH, DECEMBER 31	<u>3,512</u>	<u>3,484</u>	<u>(28)</u>			
<b><u>911 FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	70,000	65,000	(5,000)			
Interest	0	1,703	1,703			
Total Receipts	<u>70,000</u>	<u>66,703</u>	<u>(3,297)</u>			
<b>DISBURSEMENTS</b>						
Salaries	6,500	6,554	(54)			
Fringe benefits	555	501	54			
Mileage and training	500	501	(1)			
Office expense	2,945	845	2,100			
Other	500	0	500			
Transfers out	34,500	6,029	28,471			
Total Disbursements	<u>45,500</u>	<u>14,430</u>	<u>31,070</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	24,500	52,273	27,773			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	<u>24,500</u>	<u>52,273</u>	<u>27,773</u>			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

ANDREW COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Andrew County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Johnson Grass Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Ford Farm Fund	2000
Election Services Fund	2000
John Glenn Road NID Fund	2001 and 2000
Gore Road NID Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Johnson Grass Fund	2001
Abuse Shelter Fund	2001 and 2000
Associate Circuit Division Interest Fund	2001
Sheriff's Civil Fees Fund	2000
Cemetery Trust Fund	2001
Ford Farm Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest Fund	2001 and 2000
Circuit Clerk Interest Fund	2001 and 2000
Law Library Fund	2001 and 2000
Election Services Fund	2001 and 2000
911 Fund	2001

For the Health Center Fund and the Senate Bill 40 Fund, the county's published financial statements for the years ended December 31, 2001 and 2000, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is

to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

### Deposits

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name. However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

The Health Center Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the custodial bank in the board's name.

At December 31, 2001, the reported amount of the Senate Bill 40 Board's deposits was \$318,472 and the bank balance was \$320,451. Of the bank balance, \$316,905 was covered by federal depository insurance and \$3,546 was uninsured and uncollateralized. At December 31, 2000, the reported amount of the Senate Bill 40 Board's deposits was \$253,313 and the bank balance was \$256,163. Of the bank balance, \$256,104 was covered by federal depository insurance and \$59 was uninsured and uncollateralized.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

## Investments

The various funds' investments are composed of the following:

	December 31,			
	2001		2000	
	Reported Amount	Fair Value	Reported Amount	Fair Value
U.S. Treasury Bonds	\$ 38,925	38,925	41,425	41,425
Stocks	493	1,193,122	6,048	2,023,712
Corporate Bonds	830,988	731,174	0	0
Total	\$ 870,406	1,963,221	47,473	2,065,137

U.S. Treasury bonds are stated at cost. Stocks are stated at cost or par value as of December 31, 1973.

These investments were held by the County Clerk or the county's brokerage firm in the county's name.

### 3. Prior Period Adjustment

The Senate Bill 40 Board Fund's cash balance at January 1, 2000, as previously stated has been increased by \$41,799 to reflect revenues not previously reported.

The John Glenn Road NID Fund's cash balance of \$27,867 was not previously reported, but has been added so the county's financial statements will include this fund.

Supplementary Schedule

Schedule J

ANDREW COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Direct program:				
10.069	Conservation Reserve Program	N/A	\$ 14,357	11,012
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045-0101	0	22,418
		ERS045-1101W	14,969	7,312
		ERS045-2101	8,110	0
	Program Total		<u>23,079</u>	<u>29,730</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.607	Bulletproof Vest Partnership Program	N/A	0	1,447
16.710	Public Safety Partnership and Community Policing Grants	97-VMWX-0637	16,457	35,702
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	0	7,838
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-002 (25)	128,972	63,516
		BRO-002 (27)	57,300	86,634
	Program Total		<u>186,272</u>	<u>150,150</u>
Passed through State Emergency Management Agency				
20.703	Hazardous Material Emergency Preparedness	N/A	1,970	1,815
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.544	Public Assistance Grants	N/A	786	97,580

Schedule J

ANDREW COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	N/A	26,533	26,002
Department of Social Services -				
93.563	Child Support Enforcement	N/A	0	23
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0101S	0	6,550
		PGA067-1101S	5,090	1,055
		PGA067-2101S	1,755	0
		PGA067-0101C	0	825
		PGA067-1101C	165	770
	Program Total		<u>7,010</u>	<u>9,200</u>
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	C000168002	0	432
93.991	Preventive Health and Health Services Block Grant	N/A	0	279
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-0101M	0	8,307
		ERS146-1101M	9,141	2,406
		C10001500	0	130
		ERS175-0101F	0	3,646
		N/A	2,241	1,395
	Program Total		<u>11,382</u>	<u>15,884</u>
	Total Expenditures of Federal Awards		<u>\$ 287,846</u>	<u>387,094</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

ANDREW COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Andrew County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health. Amounts for Immunization Grants

(CFDA number 93.268) and Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission  
and  
Officeholders of Andrew County, Missouri

Compliance

We have audited the compliance of Andrew County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Andrew County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed

instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-3 and 01-4.

### Internal Control Over Compliance

The management of Andrew County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-3 and 01-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding number 01-3 to be a material weakness.

This report is intended for the information of the management of Andrew County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

May 16, 2002 (fieldwork completion date)

Schedule

ANDREW COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?   x   yes        no

Reportable condition identified that is not considered to be a material weakness?        yes   x   none reported

Noncompliance material to the financial statements noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weakness identified?   x   yes        no

Reportable condition identified that is not considered to be a material weakness?   x   yes        none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?   x   yes        no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
16.607	Bulletproof Vest Partnership Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_yes        x  no

**Section II - Financial Statement Findings**

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

<b>01-1. County Financial Procedures</b>
--

- A. The County Treasurer did not follow up on large unreconciled differences between the reconciled bank balance and the fund balances for funds in the general checking account. This account includes activity of the General Revenue Fund, Special Road and Bridge Fund, Law Enforcement Sales Tax Fund, Capital Improvement Sales Tax Fund, Local Emergency Planning Commission Fund, and Abuse Shelter Fund. Although formal bank reconciliations are prepared monthly, they are inaccurate and differences are not identified or resolved. An unreconciled difference of approximately \$13,350 was shown on the December 2001 bank reconciliation. The amount fluctuated each month of the audit period, and was largest, approximately \$33,000, in September 2001.

During our audit work, we noted errors in the Treasurer's records including: disbursements recorded twice or not at all, deposits not posted to any fund, and an incorrect calculation of a fund balance. In addition, the bank reconciliations had numerous errors, such as the outstanding check lists including some checks that had already cleared the bank, and not including all uncleared checks. Errors such as these that remain uncorrected for long periods hinder the reconciliation process.

The County Treasurer indicated she was aware of the errors on the bank reconciliations. However, she took no action to resolve the unreconciled differences. At our request, the County Treasurer identified several reconciling items and was able to reduce the unreconciled difference to \$22 and \$883 at December 31, 2001 and 2000, respectively. The County Commission ordered adjustments to the General Revenue Fund for these amounts.

Monthly bank reconciliations are necessary to ensure that all receipts and disbursements are properly accounted for and that the fund balances are accurate. Had adequate reconciliations been performed, the differences mentioned above could have been detected in a timely manner and appropriate corrections made.

- B. The County Clerk and County Treasurer do not adequately reconcile their records.

They each keep their own set of accounting records to account for the receipts and disbursements of some, but not all, county funds. The County Clerk has not maintained cash balances for the county funds, which could be compared to the County Treasurer's balances. In addition, the County Clerk maintains an account book with the County Treasurer for receipts, but not disbursements, of the Abuse Shelter Fund, Sheriff's Civil Fees Fund, Prosecuting Attorney Bad Check Fund, John Glenn Road NID Fund, Gore Road NID Fund, and Reserve Deputy Fund.

During the audit period, the County Clerk and County Treasurer, independent of each other, periodically compared their receipts and disbursements in total for the various funds, but did not investigate, resolve, or document the reasons for the differences. As a result, the County Treasurer's semi-annual settlement and the County Clerk's actual amounts as reported on the budgets contained numerous errors. For example, Special Road and Bridge Fund disbursements in 2000 differed by \$83,000 between the County Treasurer's and the County Clerk's records. The differences between their receipts and disbursements allowed errors to remain undetected, which had significant effects on the balances of some funds. In addition, this situation was made worse by the unreconciled difference between the fund balances and bank balance (see A above).

At our request, the County Treasurer and County Clerk reconciled their records; however, this process took them four months to complete and required them to investigate items up to two years old. The County Clerk and County Treasurer were not able to provide reasons for all of the differences.

Had the County Clerk and County Treasurer made better attempts to reconcile their records, the errors noted above could have been detected and corrected in a timely manner. Section 51.150.1, RSMo 2000, requires the County Clerk to keep regular accounts with the County Treasurer; additionally, the County Commission issued a court order effective January 1, 2001, requiring them to reconcile and submit documentation of this to the County Commission in the following month. To provide the type of check-and-balance system required by state law, to ensure errors and omissions are detected on a timely basis, and to provide accurate financial reporting, the County Treasurer and the County Clerk should regularly reconcile their accounting records. In addition, the County Commission should ensure that the reconciliations are performed in compliance with the court order.

- C. The County Collector does not calculate how commissions will be distributed between the General Revenue Fund and the County Employee Retirement Fund (CERF). Instead, the commissions are turned over to the County Treasurer, who determines how much to allocate to each fund. Our review of the December 2000 distribution indicated commissions are not being distributed according to statute. Approximately \$47,000 of commissions collected in December 2000 were distributed to the CERF fund that should have gone to the county General Revenue Fund. At

least part of the problem was caused by the County Treasurer allocating a portion of the current commissions to the CERF fund instead of crediting all of it to the General Revenue Fund. Errors were also made in allocating the delinquent commissions between the CERF and the General Revenue Fund. The County Treasurer needs to recalculate the distributions of these commissions and make the appropriate adjustments for errors. In the future, the County Collector should determine the correct allocation of commissions between the General Revenue Fund and the CERF prior to distributing commissions to the County Treasurer.

- D. Throughout the audit period, the County Treasurer and County Collector maintained all county funds in several low interest-bearing checking accounts earning approximately 1.57% interest, as of December 2001. At December 31, 2001, the book balances of the County Treasurer and County Collector were \$2,949,498 and \$3,187,695, respectively. A portion of these monies could be placed in higher yielding investments, such as certificates of deposits and repurchase agreements.

The failure to adequately monitor the amount of funds maintained in low interest-bearing accounts results in a loss of interest revenue. To maximize interest revenue, monies not needed for immediate use should be placed in investments at the highest interest rate possible.

- E. The County Treasurer allocates interest earned to various funds she believes are required per statute to receive interest earned on balances, or has received a court order from the County Commission specifically requiring interest to be allocated to that fund. However, the Capital Improvement Sales Tax Fund is not included in this interest allocation process even though the fund balance was \$150,128 and \$250,487 at December 31, 2001 and 2000, respectively. As a result, interest is not being equitably distributed to all funds that have a significant balance.

**WE RECOMMEND** the County Treasurer:

- A. Prepare accurate monthly bank reconciliations and investigate unreconciled differences. In addition, the County Treasurer should ensure that accurate fund balances are maintained.
- B. And County Clerk reconcile receipts, disbursements, and cash balances and resolve all reconciling items, and the County Commission ensure compliance with the court order. In addition, the County Clerk should maintain an account book for all county funds.
- C. Recalculate the distribution of the County Collector's commissions and five percent add on and make the necessary adjustments for incorrect distributions. The County Commission should contact the County Employees' Retirement Fund administrators about resolving overpayments into the fund.

- D. And County Collector maximize the county's revenue by investing monies that are not needed for immediate uses.
- E. Distribute interest equitably to all funds.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

- A. *The County Treasurer indicated she agrees. This is now being done.*
- B. *The County Commission, County Clerk, and County Treasurer indicated they agree with this recommendation and have taken steps to address it. Monthly reconciliations of receipts and disbursements are now being performed. The County Clerk indicated effective January 1, 2003, an account book for all funds will be maintained and cash balances for all funds will be tracked and reconciled with the County Treasurer.*
- C. *The County Treasurer and County Collector indicated they are in the process of recalculating distributions of other months. The County Commission will contact County Employees' Retirement Funds administrators by the end of October 2002 about resolving overpayments.*
- D. *The County Treasurer indicated she agrees with the auditor's concern, however the current depository agreement extends through March 2004, and does not allow for other types of investments. When bidding our next depository agreement, we will incorporate additional investment options into our request for bids.*
- E. *The County Treasurer indicated she will do this if the Commissioners approve and issue a court order.*

*The County Commission responded:*

*In 2002, the balance of the CIST fund significantly decreased, and we do not believe that a significant amount of interest would be earned on the current balance. If the balance increases in the future, then we would be willing to request that the Treasurer allocate interest to this fund.*

<b>01-2.</b>	<b>Cemetery Trust Fund</b>
--------------	----------------------------

The Cemetery Trust Fund is comprised of cash and investments of twenty-eight cemeteries, for which the County Commission is the trustee. The County Commission is required to follow the terms and conditions of the gift or bequest. For each trust fund, the County Clerk maintains a separate receipt, disbursement, and asset record. The asset record lists the certificates of deposit (CD's), stocks, and other investments held by each trust fund.

- A. The county does not maintain accurate and complete asset records for some of the various trust funds , nor for the entire Cemetery Trust Fund. During our review of fund revenues, we became aware of dividends from additional stocks that the county had not included on the asset record that had a market value at December 31, 2001 of approximately \$1,141,000. In addition, the asset records do not contain the purchase date or date sold of some assets. The county has a fiduciary responsibility to ensure all Cemetery Trust Fund revenues are recorded and an accurate detailed asset record is maintained.
- B. The county did not ensure actual receipts and disbursements reported on the Cemetery Trust Fund budget were accurate and complete. Differences between the reported and actual receipts and disbursements, as noted in the chart below, resulted from not recording CD interest or stock sale proceeds unless deposited into the checking account, and from including CD purchases and redemptions as receipts and disbursements.

	<b>Reported</b>	<b>Actual</b>	<b>Difference</b>
2000 Receipts	\$ 46,043	\$ 64,958	\$ (18,915)
2000 Disbursements	33,968	23,462	10,506
2001 Receipts	142,696	842,393	(699,697)
2001 Disbursements	142,352	43,434	98,918

Failure to present accurate financial information decreases the effectiveness of the budget as a management tool. To be of maximum benefit to the county and its taxpayers, a complete and accurate budget document should be prepared.

- C. The County Commission obtained investment services in 2001 from a brokerage firm. The county paid this firm over \$3,000 in commissions on stock sales and \$27,000 in points on bonds purchased. There is no evidence that the County Commission solicited proposals from various brokerage firms. The County Commission should always seek proposals for professional services and document the basis for selection to ensure the county is receiving quality service at a reasonable price.

**WE RECOMMEND** the County Commission and the County Clerk:

- A. Record all transactions and maintain accurate asset records.
- B. Ensure receipts and disbursements are accurately reported in the county budget.
- C. Solicit and document proposals for professional services.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

A&B. We agree and plan to, in the future, look into purchasing software to better track these transactions and assets. We will ensure future amounts reported in the budget are accurate.

C. We agree and in the future will solicit proposals for these services.

**Section III - Federal Award Findings and Questioned Costs**

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>01-3. Schedule of Expenditures of Federal Awards</b>
---

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-002(25) and BRO-002(27)
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.607
Program Title:	Bulletproof Vest Partnership Program
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	2000
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

For the years ended December 31, 2001 and 2000, the county's SEFA contained numerous errors. Only the expenditures for the Public Safety Partnership and Community Policing (COPS) Grant (CFDA number 16.710) were reported accurately by the county. In total, expenditures were understated by approximately \$95,000 in 2001 and overstated by approximately \$4,000 in 2000. The county reported one program which was not federally funded, and did not report various other programs which were federally funded. In addition, the SEFA did not include the required pass-through entities' identifying numbers or contract

numbers. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The county, Road and Bridge Department, and Health Center do not have adequate procedures in place to track federal awards. To adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

This condition was also noted in our prior report.

**WE AGAIN RECOMMEND** the County Clerk, with the assistance of the Road and Bridge Department and the Health Center, prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The Health Center Administrator responded:*

*I am new to this position as of May 1, 2002, but we will ensure accurate information is reported to the county in the future.*

*The County Clerk responded:*

*I agree. Effective with the 2003 budget I will make a greater effort to ensure this schedule is accurate and complete.*

**01-4.**

**Cash Management**

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation
Commission	
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-002(25) & BRO-002(27)
Award Years:	2001 and 2000
Questioned Costs:	Not Applicable

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program. The county has not established cash management procedures to ensure the minimum time lapses between receipt of federal project monies and the disbursement of such monies. Sometimes

the County Commission makes payments to contractors subsequent to receiving the reimbursement. Reimbursements of \$3,237, \$7,547, and \$2,882 were held for 328 days, 114 days, and 58 days, respectively, before the related payments were made to contractors. During audit work, we determined that \$3,237 was held for an extended period of time because the engineer had failed to send the county an invoice. While the liability was incurred prior to the request for reimbursement, payments were not made to the vendors on a timely basis. The county was unaware of cash management problems due to inadequate reviews of disbursements and reimbursements. The county should ensure that invoices from contractors have been submitted and approved, prior to submitting a request for reimbursement.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that funds shall be requested such that they are received not more than two days prior to disbursement of the funds.

**WE RECOMMEND** the County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*We agree and will ensure this is done in the future.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

ANDREW COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

ANDREW COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

**Findings - Two Years Ended December 31, 1999**

99-1. Schedule of Expenditures Of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-002(20), BRO-002(23), and BRO-002(27)
Award Years:	1999 and 1998
Questioned Costs:	N/A

The county did not have procedures in place to adequately track federal awards for preparation of the schedule of expenditures of federal awards (SEFA).

Recommendation:

The County Clerk prepares a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status:

Not implemented. See finding number 01-3.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

ANDREW COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Andrew County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 16, 2002. We also have audited the compliance of Andrew County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 16, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Andrew County but do not

meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. Budgetary Practices and Published Financial Statements</b>
--

- A. No documentation was available to indicate the County Commission obtained financial information regarding thirteen of the county's budgeted funds prior to preparing the county's consolidated budget. Formal budgets were not filed with the State Auditor's office for these funds as required by Section 50.740, RSMo 2000. In addition, the County Commission did not prepare budgets for several other county funds.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing budgets and obtaining financial information for all county funds and activities, the County Commission could more efficiently evaluate all county resources.

- B. The annual published financial statements did not include the financial activity of several county funds and the only activity presented for the Health Center Fund and the Senate Bill 40 Fund was the property tax disbursed by the County Treasurer. In addition, the published financial statements lacked the disbursement detail required by state law for funds which the County Clerk/Commission do not write the checks.

Section 50.800, RSMo 2000, requires the County Commission to publish a detailed financial statement of the county that presents receipts, disbursements, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

**WE RECOMMEND** the County Commission and County Clerk:

- A. Ensure budgets are obtained or prepared for all county funds and submitted to the SAO as required by state law.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements in accordance with state law.

## **AUDITEE'S RESPONSE**

- A. *We agree and will make a greater effort to ensure financial information is accurate and budgets are prepared and submitted for all county funds.*
- B. *We agree and will prepare the financial statements in accordance with state law.*

<b>2. County Commission Minutes and County Records</b>
--

- A. During our review of the County Commission minutes, we noted the following concerns:

- 1. The daily business of the County Commission is not adequately documented in the County Commission minutes. For example, the minutes do not refer to all bids received and all documents approved. In addition, the minutes are not signed by the preparer nor approved by a Commissioner who was in attendance. Minutes of at least twenty consecutive meetings during our audit period were approved by a commissioner who was not in attendance.

Section 51.120, RSMo 2000, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Approval not only ensures authenticity of official minutes, but also allows a review of the contents to ensure that the minutes include all important information regarding the meetings held.

- 2. Minutes were not always prepared to document the matters discussed in closed meetings, and the commission was unable to provide documentation for how some topics discussed in closed meetings were allowable under Section 610.021, RSMo 2000. One example is the discussion of a transfer to the Assessment Fund, ordered by the County Commission. The County Commission should restrict the discussions in closed session to the specific topics allowed by state law. In addition, open meeting minutes do not always document the related vote to close the meeting, the specific reasons for entering into closed session, nor the final disposition of matters discussed in closed meetings, if applicable.

Section 610.021 and 610.022, RSMo 2000, have various requirements related to closed meetings. The question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. Public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The County Commission may close meetings to the extent the meetings relate to certain specified subjects, including litigation, real

estate transactions, and personnel issues. Certain matters discussed in closed meetings are required to be made public upon final disposition. Without the preparation of closed minutes, there is less evidence that the provisions regarding these closed meetings have been followed.

- B. The County Commission did not retain records which they had signed or reviewed in the course of their duties. Construction contracts, engineering contracts, MoDOT reimbursement requests, bidding documentation, and the depository agreement could not be located. The county was able to obtain copies of these records from other sources, such as the engineering firm, MoDOT, and the bank.

Retention of records is necessary to ensure the validity of transactions and provide an audit trail. In addition, Section 109.270, RSMo 2000, provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

**WE RECOMMEND** the County Commission:

- A.1. Ensure a complete record of the meetings is prepared and approved on a timely basis.
  - 2. Ensure minutes are prepared for all closed meetings, and the reasons for closing the meetings are documented in the board minutes. Document the vote to go into closed session, and publicly disclose the final disposition of matters discussed in closed session. In addition, ensure only allowable, specific subjects are discussed in closed session as required by state law.
- B. Retain records in a secure location in accordance with state law.

**AUDITEE'S RESPONSE**

- A.1. *We have already taken steps to resolve these issues.*
  - 2. *We are now preparing closed minutes and are ensuring the requirements of the Sunshine law are followed.*
- B. *We have already addressed this concern.*

**3.****County Expenditures**

- A. The approval stamps used by each of the County Commissioners to approve invoices are not kept in a secure location. In addition, anyone could approve the expenditures because the approval stamp is not accompanied by the users' initials. Failure to adequately secure the approval stamps or accompany them with the user's initials diminishes the control intended by the approval process.
- B. The County Commission approved some payments to vendors without requiring acknowledgment of receipt of goods or services. As a result, the county does not always have adequate assurance it is paying for actual goods and services received and approved by the applicable party. In addition, invoices are not always marked paid. To reduce the possibility of duplicate payments, invoices should be marked paid when a check has been issued by the county.
- C. The county pays the contracted Emergency Management employee \$250 monthly, regardless of the number of hours worked, but does not have a written agreement detailing the responsibilities of the employee and the payment rate.

Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and signed by each of the parties or their agents. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party.

**WE RECOMMEND** the County Commission:

- A. Ensure approval stamps are maintained in a secure location and are accompanied by the user's initials.
- B. Require acknowledgment of receipt of goods and/or services prior to payment and ensure all invoices are canceled when paid.
- C. Ensure all agreements entered into by the county are in writing.

**AUDITEE'S RESPONSE**

- A. *We are now securing these approval stamps.*
- B. *We have taken steps to address this issue.*
- C. *With the changing requirements for emergency management, we plan to reevaluate this situation by February 2003.*

4.

#### Multi-County (ACCD) 911 System

The ACCD 911 system was formed in 1992 by Andrew, Caldwell, Clinton, and DeKalb counties and the City of Cameron. Operations are funded by an emergency telephone tax which is authorized by Section 190.305, RSMo 2000. Financial records are maintained by DeKalb County officials. Each county is responsible for providing dispatching, coordination services, and 911 mapping.

Andrew County requests monies from DeKalb County to cover all mapping expenditures. The county received \$185,000 for 911 mapping expenditures, but provided documentation for only \$104,680 of mapping related expenditures. The county should review mapping expenditures and advances not used for allowable mapping expenses should be refunded to the 911 board.

**WE RECOMMEND** the County Commission review supporting documentation for mapping expenditures and refund any advances not used for allowable mapping expenditures.

#### **AUDITEE'S RESPONSE**

*We have transferred \$80,320 from General Revenue to the 911 fund, which is restricted for mapping projects in the future.*

*The Assessor indicated a new GIS Mapping project is being planned, and that the County Commission and Assessor have met with DeKalb County officials and a plan will be implemented to spend these monies in 2003.*

5.

#### Senate Bill 40 Board

A. In the first half of 2000, the Senate Bill 40 Board's financial records were neither accurate nor complete and bank reconciliations were either not performed or not adequately documented since late 2000. Numerous bookkeeping errors were noted; for example, property tax receipts of \$2,185 and disbursements of \$320 were not posted to the Treasurer's reports. Revenues and expenditures were not properly categorized and book balances of accounts and certificates of deposit (CD's) were not available. In July 2000, the Senate Bill 40 Board began maintaining financial records for the checking account, but not for the money market account or CD's. Although the SB40 Treasurer stated she prepared bank reconciliations during 2001, there is no documentation of this. Since book balances were not available, had reconciliations been performed, they would not have been compared to any book balance.

The Senate Bill 40 Board failed to adequately review the financial reports to ensure they were accurate. As a result, actual receipts and disbursements reported on the 2001 and 2000 Senate Bill 40 Board budgets were inaccurate.

Accurate financial reports are critical to ensure the board is properly informed of the financial condition and to assist the board in approving invoices, planning for upcoming expenditures, and making well-informed decisions. Failure to prepare timely formal bank reconciliations increases the risk that errors or irregularities will not be detected on a timely basis.

Failure to present accurate financial information decreases the effectiveness of the budget as a management tool. To be of maximum benefit to the county and its taxpayers, a complete and accurate budget document should be prepared.

- B. The Senate Bill 40 Board levied property taxes at a level in excess of its financial needs. The Senate Bill 40 Board Fund's balance increased from \$214,750 at January 1, 2000, to \$318,472 at December 31, 2001. Apparently this occurred, at least in part, due to expending less funds than anticipated and not adjusting the levy based on an increasing fund balance.

Unreasonable estimates result in the anticipated cash balance being significantly over or understated and reduce the effectiveness of the budget as a management tool. In addition, a taxing entity should base its tax levy on the amount of revenues needed to meet its annual financial requirements and provide a reasonable surplus in case of emergencies.

- C. The Senate Bill 40 Board could not locate various financial records. The Senate Bill 40 Board was unable to locate a checkbook register and a bank statement.

Retention of records is necessary to ensure the validity of transactions and provide an audit trail and account for all monies received. Section 109.270, RSMo 2000, provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- D. Board minutes are not signed. The board minutes should be signed by the Administrator as preparer and by the Board President to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.

**WE RECOMMEND** the Senate Bill 40 Board:

- A. Ensure financial reports are prepared in a complete and accurate manner and presented to the board timely and formal bank reconciliations are performed on a monthly basis. In addition, ensure receipts and disbursements are accurately reported in the Senate Bill 40 Board budget.
- B. Budget more reasonable disbursement estimates. In addition, determine the funding required for the Senate Bill 40 Fund and give consideration to reducing or eliminating the property tax levy until such time as additional revenues are needed to fund current operations and provide a reasonable surplus.
- C. Retain records in a secure location in accordance with state law.
- D. Ensure the board minutes are signed by the preparer and Board President or a designated member of the board to attest to their accuracy.

**AUDITEE'S RESPONSE**

- A. *The board agrees with the auditor's conclusion. Treasurer reports are now reviewed by the board monthly. Effective with the 2003 budget, we will ensure actual receipts and disbursements are accurate. Bank reconciliations are now prepared, documented, and reviewed by an independent party.*
- B. *We agree and are considering alternative avenues to secure services in Andrew County, and have taken steps to reduce the cash balance.*
- C. *Records are now maintained in a central location.*
- D. *We agree and are now doing this.*

<b>6. Health Center Board</b>
-------------------------------

- A. Our review of cash controls revealed the following:
  - 1. Monies received are not deposited on a timely basis. During the audit period, deposits were made approximately twice a month, averaging \$2,500 except when large reimbursements from the state were received.  
  
To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

2. Although formal bank reconciliations are prepared monthly, differences between bank and book balances are not identified or investigated. In addition, the checkbook balance maintained by the Health Center was inaccurate. A difference of approximately \$7,000 between the reconciled bank balance and the book balance existed on the December 2001 bank reconciliation. The Health Center Administrator was unaware of differences in the checking account. Once identified, these differences were investigated and corrected by the Health Center. Errors such as these that remain uncorrected for long periods hinder the reconciliation process.

Monthly bank reconciliations are necessary to ensure that all receipts and disbursements are properly accounted for and that the fund balances are accurate. Had adequate reconciliations been performed, the differences mentioned above could have been detected and investigated in a timely manner and appropriate corrections made.

3. Actual expenditures for 2001 and 2000 were not accurately presented in the budgets. The Health Center Board could not provide documentation for the original amounts reported on its budget. The financial reports provided to us by the Health Center did not agree to the amounts reported on their budget. To be of maximum assistance to the board and to inform the public adequately, the budget documents should be complete and accurate.
4. The Health Center did not retain adequate supporting documentation for some expenditures. We noted a \$258 hotel expenditure for which an itemized invoice and registration form were not retained. The invoice and registration form for the conference were later obtained at our request. It appears that room charges were included and paid for at least two days prior to the conference, according to the dates on the registration form. The former Health Center Administrator indicated those additional days were for another conference that was attended, but a registration form for that conference was not available to substantiate this claim. To ensure the validity and propriety of expenditures, adequate supporting documentation should be maintained for all payments to vendors.

B. Our review of the Health Center's payroll and personnel policies revealed the following:

1. The Health Center had not filed all applicable tax returns in a timely manner in 2001 and as a result, incurred unnecessary interest and penalty charges. The Health Center failed to file quarterly federal and state payroll tax returns and were assessed and paid penalties and interest on delinquent taxes of approximately \$110.

2. The Health Center's employees earn one hour of compensatory time for each hour of overtime worked, instead of at the rate of time and a half. In addition, compensatory time is lost if not used within the month earned. This policy may not comply with the Fair Labor Standards Act (FLSA), which states that overtime will be given at the rate of time and a half. FLSA also states that covered employees may accumulate a maximum of 240 hours of compensatory time and amounts over these limits will be compensated in pay. The Health Center is required to account for and pay either overtime or allow compensatory time off for nonexempt employees. The Health Center should review its personnel policy for all employees and adopt overtime and compensatory time policies that comply with the FLSA.

C. During our review of the Health Center Board's minutes, we noted the following concerns:

1. The board regularly conducts closed sessions during its meetings. Minutes were not always prepared to document the matters discussed in closed sessions, and board minutes did not always indicate the reasons for closing the meeting.

Section 610.021, RSMo 2000, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. However, that statute requires certain matters discussed in closed meeting to be made public upon final disposition. This law provides that public governmental bodies shall not discuss other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

Without the preparation of closed minutes, there is less evidence that the provisions of the Sunshine Law, Chapter 610, RSMo, regarding these closed meetings, have been followed.

2. The board minutes did not adequately document matters discussed and actions taken by the board. For example, the minutes did not document the hiring and resignation of the former Health Center Administrator. In addition, the Health Center was unable to locate the minutes for the September 2001 meeting.

Minutes represent the official record of board actions and decisions and it is important that they are complete and accurate. Section 610.020, RSMo 2000, requires a journal or minutes be taken and retained for all open meetings of a governmental body.

**WE RECOMMEND** the Health Center Board:

- A.1. Deposit monies intact daily or when accumulated receipts exceed \$100.
  2. Prepare accurate monthly bank reconciliations and investigate unreconciled differences. In addition, the board should ensure that accurate checking account balances are maintained.
  3. Ensure actual revenues and expenditures in the annual budgets are correct to ensure accountability of health center funding.
  4. Maintain adequate supporting documentation for expenditures.
- B.1. File all applicable tax returns on a timely basis and disburse the required payroll taxes timely.
  2. Review the current overtime and compensatory time policies to ensure such policies comply with the FLSA.
- C.1. Ensure minutes are prepared for all closed meetings, and the reasons for closing the meeting are documented in the board minutes as required by law.
  2. Ensure all significant discussions and actions taken are included in the minutes.

**AUDITEE'S RESPONSE**

*The Health Center Administrator responded:*

- A.1. *I agree and am now doing this.*
  2. *I agree. Bank reconciliations are now being reviewed by myself and a board member monthly.*
  3. *I agree and will ensure actual revenue and expenditures in the 2003 budget are reported accurately.*
  4. *I agree and will ensure this is done in the future.*
- B.1. *I agree. Past tax returns have been filed, and state and federal payroll taxes are now being paid timely.*
  2. *I agree. Compensatory time is now being tracked by the Administrator and given in accordance with FLSA.*

- C. *I agree and will discuss with the board the implementation of these recommendations.*

<b>7. County Collector's Controls and Procedures</b>
--

- A. The County Collector makes changes to the property tax records for additions and abatements occurring throughout the year. Additions and abatements are prepared monthly by the County Collector and approved only in total by the County Commission. There is no independent and subsequent comparison of approved court-ordered additions and abatements to actual changes to the property tax data files. In order to compare additions and abatements to changes made to the property tax system, the additions and abatements should be listed individually on the court orders for independent review.

Since the County Collector is responsible for collecting the taxes, he should not have the capability to make changes to the actual tax data. This procedure for making changes, without independent and subsequent review of actual changes made, weakens controls over the collection of taxes. Section 137.260, RSMo 2000, requires that the tax book only be changed by the clerk of the county commission under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax data files.

- B. Receipts are not always deposited intact. When current property taxes are being collected, the County Collector withholds cash from deposits to maintain a change fund that fluctuates between \$400 and \$600; this is in addition to a \$100 established change fund. This cash is deposited at the end of the tax year and the process starts over with the next year's receipts to establish the change fund again.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100. Change funds should be maintained at a constant amount.

- C. The County Collector prepares monthly reconciliations of his bank account; however, at January 31, 2002 the reconciled cash balance exceeded identified liabilities by approximately \$4,400. The unidentified cash excess in the Collector's bank account has remained consistent during the two years ended February 28, 2002.

Adequate reconciliations between liabilities and cash balances are necessary to ensure the cash balance in the bank account is properly identified and monies are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of these excess monies. Any amount that remains unidentified should be disposed of in accordance with applicable statutory provisions.

- D. The County Collector's bank account has four checks, totaling approximately \$361, which have been outstanding for more than two years. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. Monies which remain unclaimed should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 2000.

**WE RECOMMEND:**

- A. The County Commission revise the addition/abatement process so that the County Collector does not have the capability to make changes to computerized property tax data, or ensure that independent, subsequent comparisons of these changes to tax book change orders are performed. In addition, the County Commission should individually approve additions and abatements, rather than in total.
- B. The County Collector deposit all monies received intact daily. If a change fund is needed, it should be established and maintained at a constant amount.
- C. The County Collector attempt to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law.
- D. The County Collector routinely attempt to locate the payees of the old outstanding checks and reissue the checks, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.

**AUDITEE'S RESPONSE**

*The County Collector responded:*

- A. *We will take the need to change this process under advisement and make a decision whether to change this process by March 1, 2003.*
- B. *I agree with the auditor's concern, but my current procedures allow me to more efficiently serve the citizens, and I always ensure my receipts are adequately accounted for.*
- C. *The excess balance will be disbursed by November 1, 2002.*
- D. *These have been resolved.*

**8.****County Officials' Salaries**

The Andrew County Salary Commission has the statutory authority to set salaries of the county's elected officials. County officials' salaries are based upon the county's assessed valuation, population, training attendance, or a combination of these factors. During our audit, we noted the following conditions related to various elected officials' salaries:

- A. The salary commission minutes did not clearly document all decisions made. For example, minutes of the meetings in October 1999 and November 2001 did not clearly document the percentage of statutory maximum. In addition, the salary commission did not indicate the exact amount of salary to be paid to any official and no written legal opinions were obtained from the Prosecuting Attorney to support the officials' salaries and the method used to calculate them. In addition, Section 50.333.8, RSMo 2000, requires the salary commission to issue a report to indicate the amounts paid to each official. Future salary commission minutes should clearly document all decisions regarding salary issues.
- B. Raises given to elected officials during the audit period do not appear to have been calculated appropriately.
  - 1. The cost of living adjustment given to each official does not appear to be calculated appropriately. In 2000, the County Commission voted to give each official a \$480 cost of living adjustment (COLA). Section 50.333.12, RSMo 2000, allows a COLA that is the same percentage for all county officials.
  - 2. A review of the various statutes regarding officials' salaries indicates that increases due to changes in the assessed valuation factor should be based upon the assessed valuation in the year next preceding the computation. The maximum allowable salaries for officials in 2001 were increased, effective January 1, 2001, for changes in the county's assessed valuation, using the current year's assessed valuation rather than the preceding years to determine the amount of increase.

In addition, the County Collector and County Assessor received raises, effective January 1, 2001, due to this change in assessed valuation of the county. However, Section 50.333.8, RSMo 2000, states that elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment. The County Collector and County Assessor received these raises prior to their dates of incumbency, which are March 1 and September 1, respectively.

- C. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Andrew County's Associate County Commissioners salaries were each increased approximately \$7,080 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term in office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to the Associate County Commissioners, totaling approximately \$14,160 each for the two-year term ended December 31, 2000, should be repaid. In addition, in light of the ruling, any other raises given to other officials within their term of office should be re-evaluated for propriety.

**WE RECOMMEND** the County Commission and the salary commission:

- A. Ensure all salary commission minutes clearly document all decisions made and that all future elected officials' salaries are supported by actions of the salary commission. In addition, obtain written legal opinions from the Prosecuting Attorney to support all decisions.
- B. Request a written opinion from the Prosecuting Attorney as to the legality of the salary increases that went into effect on January 1, 2000, and January 1, 2001 and proceed accordingly.
- C. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

**AUDITEE'S RESPONSE**

- A. *We will do a better job of documenting our decisions in the future, and will request legal opinions in the future.*
- B. *We will request a legal opinion from the Prosecuting Attorney on this issue.*
- C. *We have discussed this issue with the former associate commissioners and they do not plan to repay these funds at this time.*

**9.****Associate and Probate Divisions' Controls and Procedures**

- A. Accounting and bookkeeping duties are not adequately segregated. Two clerks are primarily responsible for handling cases; receiving, recording, depositing and disbursing monies; preparing bank reconciliations; and maintaining the accounting records. An independent review of deposits and accounting records is not performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are properly safeguarded. Proper segregation of duties helps to provide this assurance. At a minimum, a periodic supervisory review of the records should be performed and documented.

- B. The Associate and Probate Divisions' Banner, old criminal, and old civil accounts have twenty-six checks totaling approximately \$434, which have been outstanding for up to six years. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. Monies which remain unclaimed should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 2000.

- C. The Divisions do not deposit intact daily or when receipts exceed \$100, maintain receipts in a secure location, immediately issue receipt slips, endorse checks upon receipt, or remit all fees to the County Treasurer. A cash count revealed a shoe box containing copy monies, totaling \$235, which were stored in the vault, rather than being remitted to the County Treasurer as accountable fees. These monies included three checks which were dated in the mid-1990's. Court personnel stated the cash portion is used to make change, although the change funds in place appear to be for adequate amounts. We also noted during our cash count that receipts totaling \$301, including \$116 in cash, were kept overnight in case files on a clerk's desk and that receipt slips had not been issued for these monies. In addition, checks are not endorsed immediately upon receipt.

To ensure monies are accounted for properly, all monies should be kept in a secure location until they are deposited intact daily or when accumulated receipts exceed \$100. Section 50.030, RSMo 2000, requires every county official who receives fees for official services to remit such monies monthly to the county treasury. In addition, all checks and money orders should be restrictively endorsed immediately upon receipt.

- D. The old criminal and old probate account open-items listings and the reconciled cash balances had differences throughout the audit period. At December 31, 2001, the open items listing exceeded the reconciled cash balance by \$48 in the old criminal account, and the reconciled cash balance exceeded the open items listing by \$15 in the old probate account.

An accurate open-items list helps to ensure that receipts and disbursements are properly handled and accurately posted to the case fee sheets, and to verify there is sufficient cash to satisfy all liabilities. The Associate and Probate Divisions should make an effort to identify any liabilities associated with the excess cash balance. Any amount that remains unidentified should be disposed of in accordance with applicable statutory provisions.

- E. The Probate Division charges \$3 per case for copies and postage that is not based on actual usage. Court personnel have stated this fee is not enough to cover the costs, but a comparison of allowable costs to actual costs incurred has not been performed. Sections 488.012 and 488.015, RSMo 2000, state that a charge of one dollar per copied page is allowable and the court is not to increase the amount of this charge. By not monitoring the actual amount of copies and postage, the Probate Division may not be charging the correct fees for each case, which may also result in lost revenue.

**WE RECOMMEND** the Associate Circuit Division Judge ensure:

- A. Accounting and bookkeeping duties are adequately segregated to the extent possible or that periodic supervisory reviews are performed and documented.
- B. Routine attempts are made to locate the payees of the old outstanding checks and that the checks are reissued, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- C. Receipts are deposited intact daily or when accumulated receipts exceed \$100, monies are maintained in a secure location until deposited, receipt slips are issued for all monies received, and all checks and money orders are restrictively endorsed immediately upon receipt. Ensure all copy monies are remitted to the County Treasurer at least monthly for deposit into the General Revenue Fund.
- D. Attempts are made to identify the excess cash balance which currently exists in the old criminal and old probate accounts, and that any amounts that cannot be identified are disposed of in accordance with state law.
- E. Court costs and fees are collected in accordance with state law.

## **AUDITEE'S RESPONSE**

- A. *I agree and will document my review of accounting records in the future.*
- B. *I agree. These accounts have now been closed, and monies were transferred to the County Treasurer. The only reason these accounts were still open was because OSCA had told us to keep these open until the audit was complete.*
- C. *I agree. This money has been turned over to the county and a change fund has been established. We will ensure monies are deposited timely and kept in a secure location until deposit. Normal procedures are to issue receipt slips upon receipt and restrictively endorse checks immediately.*
- D. *I agree. Differences existed in these accounts before I took office. These accounts have now been closed and the monies distributed to the County Treasurer.*
- E. *I feel that this charge is actually less than what we could charge if we tracked actual costs and copies made per case, but from a cost-benefit perspective we do not feel that it would be worth the extra effort to track these costs for the additional money that would be received.*

### **10.**

#### **Sheriff's Controls and Procedures**

- A. Receipts are not always deposited intact on a timely basis. Receipts are deposited approximately twice per week and are not always deposited in the order received. For example, \$1,434 was received between October 26 and November 2, 2001. Most of these receipts were deposited on November 2, 2001; however, \$125 was not deposited until November 5, 2001. Approximately \$930 on hand during a cash count included monies which had been on hand for nearly two weeks.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and receipts should be stored in a secure location until deposited.

- B. Check and money orders received are not restrictively endorsed immediately upon receipt. Endorsements are applied at the time deposits are prepared. To adequately safeguard receipts, all check and money orders to be deposited should be restrictively endorsed immediately upon receipt.
- C. The Sheriff maintains a general bank account for sheriff fees and another account for partition sales. During our review, we noted the following concerns:
  - 1. Formal bank reconciliations for the partition sales and general bank accounts were not prepared on a timely basis. The partition sales book balance was

incorrect because bank statements were not opened to determine the interest earned. The December 31, 2001 general account bank reconciliation was prepared on February 4, 2002. Failure to prepare timely formal bank reconciliations increases the risk that errors or irregularities will not be detected on a timely basis.

2. The Sheriff's partition sales bank account has one check for approximately \$110,000 which has been outstanding for more than one year. According to the county, the payee has been contacted and refuses to cash this check. The amount should be paid to the state's Escheats Fund, upon order of the circuit court, in accordance with Sections 470.010 and 470.020, RSMo 2000.
  3. Monthly listings of open items (liabilities) are not prepared for any of the Sheriff's bank accounts and, consequently, are not agreed to the reconciled bank balance. This is necessary to ensure accounting records are in balance and all monies in the account are properly identified. Differences between outstanding items and cash balances should be investigated and resolved.
- D. The Sheriff earns interest on the partition sales bank account. These monies are not recorded or remitted to the County Treasurer; instead, they remain in the partition sales bank account. During the two years ended December 31, 2001, it appears approximately \$5,000 of interest has been earned on this account. The county should determine the proper payee of these interest proceeds and disburse these funds in accordance with state law.

**WE RECOMMEND** the Sheriff:

- A. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C.1. Prepare formal bank reconciliations on a monthly basis.
  2. Routinely attempt to locate the payee of the old outstanding check and reissue the check, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
  3. Prepare monthly listings of open items and reconcile to the cash balance.
- D. Ensure all interest monies are recorded and remitted to the County Treasurer at least monthly.

**AUDITEE'S RESPONSE**

- A. *I agree. In the future I will make a diligent effort to ensure deposits are made more timely.*
- B. *I agree and will begin doing this immediately.*
- C.1. *I agree and will ensure these reconciliations are done more timely.*
  - 2. *I agree. This has now been paid over to the County Treasurer.*
  - 3. *I agree. This is now being done.*
- D. *I will seek the advice of our Prosecuting Attorney and disburse in accordance with state law.*

<b>11. Prosecuting Attorney Controls and Procedures</b>
---

- A. Receipts are not deposited on a timely basis. Deposits are made approximately once per week and average approximately \$1,000. In addition, the method of payment received is not always accurately indicated on the receipt slip and the composition of deposits is not reconciled to receipts slips issued.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies should be recorded immediately upon receipt and deposited intact daily or when accumulated receipts exceed \$100. To ensure monies are properly accounted for and deposited intact, the method of payment received should be recorded on all receipt slips, and the composition of deposits should be reconciled to receipt slips issued.

- B. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks has not been established. Currently, Andrew County merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. The complaint forms, and information regarding the handling of each case, is maintained in individual case files. The Prosecuting Attorney's office has not established procedures to ensure all bad check complaint forms are accounted for in a readily accessible manner.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned number, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including date

payment was received and transmitted to the merchant or the criminal case in which charges were filed or other disposition.

C. The Prosecuting Attorney's bank account has five checks, totaling approximately \$436, which have been outstanding for more than two years. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. Monies which remain unclaimed should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 2000.

D. During our review of the Prosecuting Attorney's bank account, we noted the following problems:

1. Interest earned on the Prosecuting Attorney's bank account is not being tracked or remitted to the County Treasurer, to be put to the credit of the Prosecuting Attorney Bad Check Fund. Instead, it remains in the Prosecuting Attorney's bank account. At our request, a listing of monthly interest earned was prepared; it appears that approximately \$709 has accumulated between January 1996 and December 2001.

To ensure proper accountability over official receipts and reduce the potential for loss, theft, or misuse of funds, interest should be remitted to the County Treasurer, to the credit of the Prosecuting Attorney Bad Check Fund, on a monthly basis.

2. Monthly listings of open items (liabilities) are not prepared and, consequently, are not agreed to the reconciled bank balance. The balance in the bank account was approximately \$893 as of December 31, 2001. Of this, approximately \$709 appears to be accumulated interest. The remaining balance is unidentified, but could be interest earned prior to January 1996.

Monthly listings of open items should be prepared and agreed to the reconciled bank balance to ensure accounting records are in balance and all monies in the account are properly identified. Differences between the open items and cash balances should be investigated and resolved. Unclaimed or unidentified monies should be disposed of in accordance with applicable statutory provisions.

E. The Prosecuting Attorney's office was unable to locate a check register and two voided receipt slips. Retention of records is necessary to ensure the validity of transactions and provide an audit trail and account for all monies received. Section 109.270, RSMo 2000, provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Deposit daily or when accumulated receipts exceed \$100. Indicate the method of payment on all receipt slips and reconcile the composition of deposits to receipt slips issued.
- B. Implement procedures to adequately account for bad checks received, as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form or bad check received and a log to account for the numerical sequence and disposition of each bad check.
- C. Routinely attempt to locate the payees of old outstanding checks and reissue the checks, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- D.1. Record and remit all interest monies to the County Treasurer at least monthly for deposit into the General Revenue Fund.
  - 2. Prepare monthly listings of open items and reconcile to the cash balance. Any differences between open items and cash balances should be investigated and resolved. Any remaining unidentified amounts should be disbursed in accordance with state law.
- E. Retain records in a secure location in accordance with state law.

**AUDITEE'S RESPONSE**

- A. *Deposits are made at least once per week and more often as time permits. Cash is deposited daily. We will endeavor to reconcile to receipt slips on a monthly basis.*
- B. *It will be helpful to this office and to the auditor's office to account for bad check complaint forms in a centrally located and uniform manner as suggested by the auditors.*
- C. *A check in the amount of \$435.72 for the five checks in question has been tendered to Andrew County. Between the dates of May and August of this year we made every attempt to locate the payees of the old outstanding checks, but were unable to do so. Although the Missouri Statutes provide that unclaimed property may be held up to five years before being turned over to the county and none of the five checks in question was five years old, we have returned the money to Andrew County as unclaimed property.*
- D.1. *We agree and will begin doing this.*
  - 2. *We agree to maintain a monthly listing of open items and reconcile them with the bank balance each month as suggested.*

- E. *We agree that one check register maintained during the tenure of a former Clerk was not found and there were two voided receipt slips not found in the years audited. Further, we also agree the retention of those record is necessary to ensure the validity of transactions as outlined in the auditor's report.*

<b>12. John Glenn Road Neighborhood Improvement District</b>
--

The Andrew County Commission established the John Glenn Road Neighborhood Improvement District (NID) on August 19, 1996, pursuant to a petition from the residents within the proposed district. The NID was established to redevelop John Glenn Road. A general obligation temporary note was issued in September 1996 by the County Commission to fund project construction. Construction was completed in October 1996, at a total cost of \$160,881. On May 1, 1997, the County Commission issued limited general obligation, special assessment bonds in the amount of \$195,000 to retire the temporary note and provide for other project costs.

The County Commission is ultimately responsible for the repayment of the limited general obligation bonds; however, the primary source of monies for bond repayment is the collection of special assessments on properties within the district. Two payment options were developed by the county allowing property owners to either pay the assessment in one lump sum or allocate the special assessment and related interest costs over a twenty-year payment schedule.

Our review of the John Glenn Road Neighborhood Improvement District Project revealed the following concerns:

- A. Upon receipt of the bond proceeds, \$25,000 was deposited into a fund set aside for future maintenance expenditures on John Glenn Road. Section 67.457.6, RSMo 2000, indicates that a maintenance levy may be assessed after retirement of the bond issue if the district was formed prior to August 28, 1994. Since, the John Glenn Road NID was established on August 19, 1996, there appears to be no statutory authority for the maintenance levy. In January 1999, the additional money was transferred from the maintenance fund to the Debt Service Fund; however, the monies are still being held by the county.

Section 67.473, RSMo 2000, requires that bond proceeds remaining after the completion of an improvement shall be credited proportionately against the amount of the original assessment of each property. It further states that refunds shall be issued to owners who have prepaid their assessments and that the remaining funds shall be transferred to the bond and interest fund to be used solely to pay the principal of and interest on the bonds and that the assessments shall be reduced by the amount of such credit.

- B. The attorney for the NID recalculates the assessment against each property annually based upon current assessed valuations. Under the current procedures, the assessments vary from year to year since they are being recalculated annually based upon current assessed valuations. In addition, assessments for the NID are subject to reduction through Board of Equalization hearings. Section 67.463.4, RSMo 2000, states that the assessments shall be payable in substantially equal annual installments.

These conditions were noted in a prior report.

**WE AGAIN RECOMMEND** the County Commission:

- A. Determine the amount of bond proceeds currently remaining and distribute those monies in accordance with state law.
- B. Ensure the method used to allocate project costs to owners complies with state law. In addition, the County Commission should determine the amount of over/under-billing to property owners within the NID as a result of the incorrect method used to allocate the project costs, and make adjustments where necessary.

**AUDITEE'S RESPONSE**

- A. *We plan to use these funds to retire the debt as soon as allowable per the bond agreement.*
- B. *Other NID's handled by the county have been done in accordance with state law. Based on the amount of time that has passed since the original assessment of the John Glenn NID, we don't feel it would be efficient to reallocate the project costs at this time.*

<b>13. General Fixed Assets</b>
---------------------------------

With the exception of the County Clerk and the Assessor, detailed records of county property have not been maintained, various inventories and inspections have not been performed, and detailed records of county property have not been filed with the County Clerk.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached

to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

**AUDITEE'S RESPONSE**

*We will develop a policy by January 1, 2003.*

<b>14. Computer Controls</b>
------------------------------

A. Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords are effectively limiting access to data files and programs to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.

B. Assessor's office employees do not log off the property tax system at the end of the workday. Although the Assessor's office is locked at night, anyone with access to that office could make changes to the property tax system without having to log on to the system.

Not logging off the system at the end of the day allows the potential for unauthorized individuals to make undetected and unauthorized changes to the system. To help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals. A properly utilized system of passwords and other procedures can be used to restrict access.

C. No security system is in place on the property tax and financial programs to detect and stop incorrect log-on attempts after a certain number of tries. An unauthorized individual could try an infinite number of times to log on the system, and if successful, have unrestricted access to program and data files. To help protect computer files, a security system should be implemented to stop incorrect log on attempts after a certain number of tries. Such a system should produce a log of the incorrect attempts, which should be reviewed periodically by an authorized official.

- D. The Treasurer backs up her financial data and the County Assessor backs up the property tax system; however, the backup disks are not stored at an off-site location. Backups of computer information provide a means of recreating destroyed data. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the original data on the computer. Backup disks should be maintained and stored off-site to provide increased assurance that county data can be recreated.
- E. The areas housing computer hardware and software are not equipped with fire detection or smoke detection systems. Fire or smoke detectors should be installed to ensure that personnel could respond appropriately in the case of a fire.

**WE RECOMMEND** the County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Establish procedures to restrict access to authorized individuals.
- C. Establish a security system to stop and report incorrect log-on attempts after a certain number of tries.
- D. Ensure backup disks are prepared and stored in a secure, off-site location.
- E. Equip areas that house computer hardware and software with fire detectors or smoke detectors.

**AUDITEE'S RESPONSE**

- A-D. *We will discuss these issues with the applicable officials and take these recommendations under advisement.*
- E. *We have considered adding a sprinkler system to the courthouse and plan to decide this issue during 2003.*

This report is intended for the information of the management of Andrew County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

ANDREW COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Andrew County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared for various county funds. Budgets for the Ford Farm Fund and Cemetery Trust Fund were not sufficiently detailed.
- B. The annual published financial statements did not include the financial activity of all county funds.

Recommendations:

The County Commission:

- A. Ensure budgets are prepared or obtained for all county funds. In addition, the county needs to include detailed classifications of receipts and disbursements in the budgets, and report actual receipt and disbursement amounts for the two preceding years for all funds requiring budgets.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

A&B. Not implemented. See MAR finding number 1.

2. Personnel Policies and Procedures

- A. The Prosecuting Attorney employed two secretaries who performed duties for both the county and his private practice and are partially compensated from county funds. Time sheets detailing days and hours worked were not submitted to the county to support these payroll expenditures.
- B. The written policy regarding annual leave, sick leave, and compensatory time did not apply to all county employees. The Sheriff and the Prosecuting Attorney had made their own policy which was different from the county's policy.

Recommendations:

The County Commission:

- A. Require the Prosecuting Attorney to submit his employees' time records to the County Clerk for the approval and preparation of payroll.
- B. Ensure that the county personnel policy is followed for all county employees.

Status:

A&B. Implemented.

3. County Expenditures

- A. Bids were not always advertised. The County Commission indicated that some items were available only from one vendor in the area; however, documentation of sole source procurements was not maintained.
- B. The county did not always obtain written contracts for services received.
- C. In December 1996 the Prosecuting Attorney authorized payments from the Prosecuting Attorney Bad Check Fund to two employees which according to the Prosecuting Attorney were for additional wages for the seven-month period ended December 31, 1996. No supporting documentation was located to adequately support these payments. In addition, these payments were not included in the county payroll records, were not subject to the proper withholdings, and were not reported on the employees' W-2 forms.

Recommendations:

The County Commission:

- A. Advertise bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the County Clerk should retain documentation of these circumstances.
- B. Enter into written contracts that specifically state the services to be provided to the county. Any expenditures made should be monitored for compliance with the terms of the contract.
- C. And Prosecuting Attorney discontinue the practice of paying employee bonuses.

Status:

A&C. Implemented.

B. Not implemented. See MAR finding number 3.

4. Federal Financial Assistance

A. The county did not have a drug-free workplace policy or awareness programs sufficient to comply with the requirement of the Drug-Free Workplace Act.

B. The county received a Community Orientated Policing Services (COPS) grant beginning in 1997, to provide partial reimbursement of salaries to two Sheriff's deputies. Through an error the county requested reimbursement for approximately two extra months payroll in 1997. As a result, \$3,580 in expenditures had been questioned.

Recommendations:

The County Commission:

A. Establish a written drug-free workplace policy and applicable drug-free awareness programs to ensure compliance with the Drug-Free Workplace Act.

B. Resolve the questioned costs with the grantor agency.

Status:

A. Not implemented. Due to changes in federal requirements, this recommendation is no longer applicable.

B. Not implemented. The Sheriff indicated the federal granting agency was contacted and the issue resolved. However, no documentation was retained of the resolution. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Allocated Distributions

A. The County Clerk did not correctly apportion the 1997 or 1996 railroad and utility taxes to the school districts, resulting in various over and under payments.

B. The 1997 and 1996 surtax collections were distributed by the County Collector using percentages calculated for distributing the 1985 collections. The County Collector did not recalculate the distribution percentages each year.

- C. When the county set its surtax levy in 1985, the initial lost revenue amounts were apparently understated based on county information reviewed. As a result, it appeared the surtax levy may have been set too low.

Recommendations:

- A. The County Clerk correct the above over and under payments to the various school districts during subsequent apportionment distributions and calculate the apportionments correctly in the future.
- B. The Collector ensure future distributions of surtax collections are done in accordance with state law.
- C. The County Commission review this situation with the Prosecuting Attorney to determine any necessary action.

Status:

- A. Partially implemented. The county clerk is in the process of correcting prior errors for over and under payments to the various school districts. We noted some differences in the allocations for some districts but the amounts were immaterial. Although not repeated in the current MAR, our recommendation remains as stated above.
- B&C. Not implemented. Although not repeated in the current MAR, our recommendations remain as stated above.

6. Property Tax Controls

Controls over property tax additions and abatements were not adequate.

Recommendation:

The County Commission establish procedures requiring the tax books only be changed by the County Clerk under order of the County Commission

Status:

Not implemented. See MAR finding number 7.

7. Collateral Securities

The amount of collateral securities pledged by the county's depository banks at December 31, 1997, was insufficient by approximately \$1,179,000, to cover monies in the custody of the County Treasurer and County Collector.

Recommendation:

The County Commission ensure collateral securities pledged by the depository banks are sufficient to protect monies at all times.

Status:

Partially implemented. While the county was adequately covered by collateral securities at December 31, 2001 and 2000, there were certain times other than year end when they were not adequately covered. Although not repeated in the current MAR, our recommendation remains as stated above.

8. John Glenn Road Neighborhood Improvement District

- A. Upon receipt of the bond proceeds, \$25,000 was deposited into a fund set aside for future maintenance expenditures of John Glenn Road. There appeared to be no statutory authority for the maintenance levy.
- B.1. Ten properties were included in the calculation of the assessment against each property that were not within the district, which contributed to a deficiency when the first payment was due on the bond issue.
  - 2. The attorney for the NID recalculated the assessment against each property annually based on current assessed valuations causing the assessments to vary from year to year.

Recommendations:

The County Commission:

- A. Determine the amount of bond proceeds currently remaining and distribute those monies in accordance with state law.
- B.1. Ensure that assessments are accurately calculated and include only those properties within the district. In addition, a supplemental assessment should be made to recover those monies lost by assessing costs against properties not within the district.

2. Ensure the method used to allocate project costs to owners complies with state law. In addition, the County Commission should determine the amount of over/under-billing to property owners within the NID as a result of the incorrect method used to allocate the project costs and make adjustments where necessary.

Status:

- A. Not implemented. See MAR finding number 12.
- B.1. Partially implemented. The Gore Road NID assessments have been accurately calculated and include only those properties within the district. However, the assessments for the John Glenn Road NID are still calculated improperly, and a supplemental assessment for the John Glenn Road NID has not been made to recover those monies lost by assessing cost against properties not within the district. See MAR finding number 12.
2. Partially implemented. The method used to allocate project cost to owners in the Gore Road NID complies with state law. However, the County Commission did not determine the amount of over/under-billing to property owners within the John Glenn NID as a result of the incorrect method used to allocate the project costs and make adjustments where necessary. See MAR finding number 12.

9. Johnson Grass Fund

The fund's balance increased from \$60,104 at January 1, 1995, to \$89,781 at December 31, 1997. As of June 30, 1998, the balance of the Fund was more than \$112,000. Johnson Grass Board officials did not indicate any specific plans for the accumulated surplus.

Recommendation:

The County Commission determine the funding required for the Johnson Grass Fund and give consideration to reducing or eliminating the property tax levy until such time as additional revenues are needed to fund current operations and provide a reasonable surplus.

Status:

Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

10. Senate Bill 40 Board

- A. The Senate Bill 40 Board did not have a formal expenditure policy.

- B. Board minutes did not indicate whether a board member abstained from voting on the approval of payments that the board member had a financial interest in.

Recommendations:

The Senate Bill 40 Board:

- A. Establish a formal expenditure policy.
- B. Ensure any board members with a financial interest abstain from voting and that this action is disclosed in the board minutes.

Status:

A&B. Implemented.

11. Health Center

- A.1. Receipt slips were not written for checks received from the state and such checks were not always recorded in the cash control immediately when received.
  - 2. The method of payment was not always indicated on the receipt slips.
  - 3. The duties of receiving, recording, depositing monies and reconciling the bank account were not adequately segregated.
- B.1. The Health Center approved payments to vendors without requiring or retaining adequate supporting documentation.
  - 2. The Health Center did not always obtain written contracts for services received.
  - 3. Bids were not always solicited or advertised by the Health Center nor was bid documentation always retained.
- C.1. Adequate documentation of actual time worked, such as time sheets, was not available to support payroll expenditures.
  - 2. Records of vacation or sick leave earned taken and accumulated were not maintained for the Health Center employees from January through July 1997.
  - 3. A Form 1099-Miscellaneous was not prepared for \$1,649 in services performed by a WIC specialist.

Recommendations:

The Health Center Board:

- A.1. Issue prenumbered receipt slips for all monies received and require all receipts to be recorded in the cash control immediately when received.
2. Record the method of payment on the receipt slips or cash control and reconcile total cash, checks, and money orders to bank deposits.
3. Adequately segregate the duties of receiving, recording, depositing monies, and reconciling the account. At a minimum, the Health Center Administrator should perform a documented review of the work performed.
- B.1. Ensure payments to vendors are based upon actual not estimated expenditures and adequate documentation is received and maintained to support all expenditures.
2. Ensure written contracts are obtained for services received.
3. Solicit bids for purchases in accordance with state law. Documentation of bids solicited and justification of bid awards should be retained by the health center. If bids cannot be obtained or sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- C.1. Require all Health Center employees to complete time sheets which reflect actual time worked and leave taken. The records should be prepared by employees, approved by the applicable supervisor, and filed in a central location with the Health Center's payroll records.
2. Maintain centralized leave records for all Health Center employees.
3. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code.

Status:

A.1,2,3

B.2,3,

C.2,3. Implemented.

B.1. Not implemented. See MAR finding number 6.

- C.1. Partially implemented. The employees are required to complete time sheets which reflect actual time worked and leave taken; however, the timesheets are not signed by the administrator or any applicable supervisor. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

ANDREW COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1841, the county of Andrew was named after Andrew Jackson Davis, a prominent citizen of St. Louis. Andrew County is a county-organized, third-class county and is part of the fifth Judicial Circuit. The county seat is Savannah.

Andrew County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Andrew County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 1,099,154	33	780,957	27
Sales taxes	730,718	22	717,732	25
Federal and state aid	973,295	29	707,314	25
Fees, interest, and other	520,039	16	659,263	23
Total	\$ 3,323,206	100	2,865,266	100

The following chart shows how Andrew County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,030,912	34	942,649	31
Public safety	122,951	4	115,432	4
Highways and roads	1,845,893	62	1,957,673	65
Total	\$ 2,999,756	100	3,015,754	100

During 2001 and 2000, Andrew County received \$497,880 and \$514,023, respectively, in the Law Enforcement Sales Tax Fund and expended \$498,065 and \$431,107, respectively, for the purpose of law enforcement.

During 2001 and 2000, Andrew County received \$110,440 and \$102,534, respectively, in the Capital Improvement Sales Tax Fund and expended \$210,799 and \$77,662, respectively, for the purpose of improving roads and county buildings.

The county maintains approximately 174 county bridges and 700 miles of county roads.

The county's population was 11,913 in 1970 and 16,492 in 2000. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	2001	2000	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 98.4	84.2	51.8	25.8	17.1
Personal property	39.2	34.1	17.4	12.1	5.7
Railroad and utilities	13.9	15.2	11.4	11.3	8.0
Total	\$ 151.5	133.5	80.6	49.2	30.8

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Andrew County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,	
	2001	2000
General Revenue Fund	\$ .2310	.2000
Special Road and Bridge Fund*	.5139	.5200
Health Center Fund	.0940	.1000
Senate Bill 40 Board Fund	.0846	.0900
Johnson Grass Fund	.0200	.0200

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments.

Taxes collected were distributed as follows:

	Year Ended February 28,	
	2002	2001
State of Missouri	\$ 44,811	40,181
General Revenue Fund	341,174	266,323
Special Road and Bridge Fund	759,449	688,216
Assessment Fund	86,290	79,832
Health Center Fund	139,325	132,331
Senate Bill 40 Fund	125,195	118,933
Johnson Grass Fund	29,658	27,312
Schools	5,113,551	4,777,950
Missouri Western College	133	133
Library district	454,287	397,642
Ambulance district	409,648	388,882
Fire districts	527,325	494,948
Levee districts	16,426	13,388
Lakeland Estates improvement district	3,843	3,531
John Glenn improvement district	14,832	16,087
Gore Road improvement district	7,024	0
Nursing Home	44,405	39,799
Cities	7,842	10,045
County Clerk	159	145
County Employees' Retirement	99,126	91,231
Commissions and fees:		
General Revenue Fund	85,352	76,489
Total	\$ <u>8,309,855</u>	<u>7,663,398</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2002	2001
Real estate	95 %	95 %
Personal property	90	89
Railroad and utilities	100	100

Andrew County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .00500	None	50 %
Capital improvements	.00125	December 2006	None
Road and bridge	.00375	December 2004	None
Law enforcement	.00500	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
<b>County-Paid Officials:</b>			
Larry Atkins, Presiding Commissioner	\$	28,880	27,560
Greg Wall, Associate Commissioner		26,880	
Dick Townsend, Associate Commissioner		26,880	
Myron Harr, Associate Commissioner			25,560
Don Coulter, Associate Commissioner			25,560
Betty Williams, County Clerk		40,480	38,480
Jerry Biggs, Prosecuting Attorney		47,400	45,480
Gary Howard, Sheriff		44,480	36,480
Janet Shell, County Treasurer		30,080	28,600
Ron Crouse, County Coroner		12,480	4,268
Vickie Keller, Public Administrator		20,000	14,480
Ron Wampler, County Collector, year ended February 28,	40,480	38,813	
Ivan Hewitt, County Assessor *, year ended August 31,		24,288	39,380
Jerry Joe, County Assessor **, year ended August 31,		14,641	

\* Includes \$675 of compensation received from the state in 2001, \$900 in 2000.

\*\* Includes \$225 of compensation received from the state; appointed August 23, 2001 to replace Ivan Hewitt who passed away July 31, 2001.

**State-Paid Officials:**

Rose Lancey, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	46,127
Michael Ordnung, Associate Circuit Judge		96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	0	0
Circuit Clerk and Ex Officio Recorder of Deeds **	1	2
County Clerk	3	0
Prosecuting Attorney *	2	0
Sheriff ****	16	0
County Treasurer *	1	0
County Coroner	0	0
Public Administrator	0	0
County Collector ***	2	0
County Assessor	4	0
County Surveyor	0	0
Associate Division	1	4
Probate Division	0	0
Road and Bridge *	24	0
Health Center *	6	0
SB40	1	0
Total	<u>61</u>	<u>6</u>

\* Includes one part-time employee

\*\* Includes two full-time employees, and one full-time employee paid partially by the state and partially by the county

\*\*\* Includes two part-time employees

\*\*\*\* Includes four part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Andrew County's share of the fifth Judicial Circuit's expenses is 16.09 percent.